

Committee constituted to Examine Allocation of Gas

1865. SHRI R. K. MHALGI: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) Is it a fact that the question of allocation of gas for various purposes was studied in detail by a Government of India Committee, headed by Dr. T. R. Satishchandran, Adviser (Energy) Planning Commission, during the year 1979, which has submitted its recommendations to Government;

(b) what are the recommendations of the said committee;

(c) what decision Government have taken in the light of these recommendations; and

(d) if not, the reasons for not taking decision on the vital issue, and when the same is likely to be taken?

THE MINISTER OF PETROLEUM, CHEMICALS AND FERTILIZERS (SHRI VEERENDRA PATIL): (a) Yes, Sir.

(b) A statement is attached.

(c) and (d). The recommendations have been broadly accepted by the Government. The question of the alignment including landfall point of the proposed gas pipeline from South Bassein is being examined by an Expert Committee in the light of the recommendations contained in the report and decision thereon will be taken on receipt of the report of the Expert Committee.

Statement

The main recommendations and conclusions of the Working Group are as under:—

(i) The Working Group fixed the priorities in the use of natural gas on the basis of the opportunity cost for each of the fractions contained in the

natural gas. The optimum economic use of the C4 fraction alongwith some C3 fraction is in the production of LPG, the C2 and C3 fractions in the production of petrochemicals and the C1 fraction (lean gas) in the production of nitrogenous fertilizers.

(ii) As the highest opportunity cost for lean gas is in the production of nitrogenous fertilizers, the Working Group came to the conclusion that almost all the available lean gas could be utilised for production of fertilizers in six new fertilizers plants apart from 2 plants each in Maharashtra & Gujarat already agreed to.

(iii) The Working Group did not recommend substitution of naphtha or fuel oil by gas in the fertilizer plants of GNFC & GSFC in Gujarat.

(iv) The Working Group recognised the usefulness of establishing some capacity for sponge iron using the gaseous reduction process and has recommended installation of one unit of a capacity not exceeding 0.5 million tonnes per annum on the basis of economic viability.

(v) The Working Group did not make any recommendation regarding utilisation of gas for production of chemicals, etc. in view of insufficient techno-economic data available and desired that a detailed examination was necessary before a view could be taken. It also did not make any recommendations regarding use of lean gas for town gas supply in Bombay as the Study Group appointed by the Maharashtra Government has yet to submit its report. In its opinion, a view could be taken after the report is received on detailed cost estimates, pricing, financial & economic viability etc.

(vi) The Working Group also did not recommend the utilisation of off-shore gas in other industries such as glass industry except for production of a small quantity of special variety of glass as per technical recommendation. In its opinion the use of the gas

as fuel in the general run of glass industry is not essential since fuel oil or electricity can be used.

(vii) The Working Group could not find justification for using gas for power generation under any of the circumstances mentioned by the various States including Gujarat. The Working Group is of the view that the long term electricity generation policy has to be based on maximum exploitation of hydro-potential and reliance on coal as the primary fuel for power generation. Keeping this in view the Working Group did not recommend utilisation of gas in the turbine units at Dhuvaran & Uran in Gujarat & MSEB's units being set up at Uran in Maharashtra.

(viii) The Working Group was of the view that the precise location of the landfall point of the off-shore gas pipeline from South Bassein would have to be determined on techno-economic considerations as long as gas for the expected end-uses was assured; this issue in its view was not of any significance to the users of the gas.

Recommendation of Study Group appointed by Maharashtra Government about requirement and allocation of Bombay High Gas

1866. SHRI R. K. MHALGI: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state what are the conclusions and recommendations of the study group appointed by the Maharashtra Government under the Chairmanship of Dr. H. S. Sethna, about the requirements and allocation of 'Bombay High Gas' for various purposes such as feedstock for fertilizer projects (existing at Trombay and proposed at Thal Vaishet) LPG and fuel to textile mills etc.?

THE MINISTER OF PETROLEUM, CHEMICALS AND FERTILIZERS (SHRI VEERENDRA PATIL): The Working Group appointed by the Central Government in 1977 under the

Chairmanship of Shri Lovraj Kumar to study the requirements of off-shore gas of the Maharashtra State *inter-alia* recommended that the Maharashtra Government should study the various issues connected with the proposal for the supply of off-shore gas through a net work of pipelines to domestic consumers as well as to the 45 textile mills listed in the Working Group's report including the question of textile mills using a mixture of LSHS and fuel oil instead of gas for the purpose of reducing the level of pollution. The Maharashtra Government accordingly appointed a Study Group in September, 1978 to undertake the required study. As the report of the Study Group has not yet been received by the Central Government, it is not possible to give the conclusions and the recommendations of the Study Group.

Construction of Bombay-Pune Pipe Line

1867. SHRI R. K. MHALGI: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) is it a fact that a proposal regarding construction of Bombay-Pune pipe line for transportation of petroleum products, is pending with Government;

(b) what are the salient features of this project;

(c) what decision has been taken in this regard; and

(d) if not, when the same is likely to be taken?

THE MINISTER OF PETROLEUM, CHEMICALS AND FERTILIZERS (SHRI VEERENDRA PATIL): (a) Yes, Sir.

(b) The salient features of the proposal are:

(i) Construction of a 12 inch pipeline from Bombay to the outskirts of Pune for transhipment of white petroleum pro-